

5 February 2024

Bruce Mackenzie
Chair
IFRS Interpretations Committee

Columbus Building
7 Westferry Circus
Canary Wharf
London, E14 4HD
United Kingdom

Dear Mr Mackenzie

Tentative agenda decision – Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8)

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the November 2023 *IFRIC Update* of the tentative agenda decision not to take onto the Committee's agenda the request about how an entity applies the requirements in IFRS 8:23 to disclose for each reportable segment specified amounts related to segment profit or loss.

We agree that

- IFRS 8:23 requires an entity to disclose the specified amounts for each reportable segment when those amounts are included in the measure of segment profit or loss reviewed by the CODM, even if they are not separately reviewed by the CODM
- an entity assesses whether items of income and expense are material in the context of its financial statements taken as a whole
- an entity considers both qualitative and quantitative factors, representing the nature or magnitude of information, or both, in assessing whether an item of income and expense is material.

However, we strongly disagree with the tentative conclusion on the scope of items to be disclosed applying IFRS 8:23(f). We also believe that the purpose of the discussion presented under the header "Aggregation of information" should be clarified. We expand on each of these points below.

Scope of IFRS 8:23(f)

We strongly disagree with the Committee's tentative conclusion that in applying IFRS 8:23(f) an entity considers an item of income and expense for disclosure without regard to whether the item is presented or disclosed applying IAS 1:97. We believe that the requirement in IFRS 8:23(f) to disclose "material items of income and expense disclosed in accordance with paragraph 97 of IAS 1" is meant to capture material items of income and expense that arise from transactions similar to those listed in IAS 1:98 (transactions that are commonly described as "unusual").

Indeed, we note that the items listed in IFRS 8:23 are generally comprised of the items that require separate presentation in IAS 1:82 as issued when IFRS 8 was published. A few other items (i.e. revenues from transactions with other segments, depreciation and amortisation and material non-cash items other than depreciation and amortisation) are also included in IFRS 8:23. In this context, it is reasonable to consider that IFRS 8:23(f) was included to capture items that may not be presented by entities on a recurring basis (i.e. as a “top-up” requirement). This view is reinforced by the fact that the requirements of IAS 1:97 are informed by IAS 1:98 which starts with “circumstances that would give rise to separate disclosure...” and goes on to list items that arise from specific transactions.

In addition, we note that IAS 1:31 states that “an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material”. Accordingly, an entity discloses the items specified in IFRS 8:23 if they are material. If, as suggested in the tentative agenda decision, IFRS 8:23(f) were to apply to *all* items of income and expense that are material, it would be redundant for IFRS 8:23 to list other items since these would necessarily be captured by IFRS 8:23(f).

In light of the analysis presented above, we believe that the tentative agenda decision goes beyond interpreting the existing requirements, and therefore we suggest that the matter should be referred to the IASB for standard setting – for example, as part of an annual improvements project.

Aggregation of information

In addition, the tentative agenda decision indicates that an entity applies the requirements in IAS 1:30–31 in considering how to aggregate information in the financial statements. Whilst we agree with this statement, the purpose for highlighting this requirement and of the related analysis presented under the header is not clear. If it is intended to indicate that in applying IFRS 8:23(f), the entity considers the requirements in IAS 1:30-31 to determine how to aggregate and disaggregate information about transactions and other events, then this should be clarified.

If you have any questions concerning our response, please contact Veronica Poole in London at +44 (0)20 7007 0884.

Yours sincerely



Veronica Poole
Global IFRS and Corporate Reporting Leader